

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7608

BILL NUMBER: HB 1263

DATE PREPARED: Jan 5, 2001

BILL AMENDED:

SUBJECT: Teacher Education Incentives.

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FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

STATE IMPACT	FY 2001	FY 2002	FY 2003
State Revenues			
State Expenditures			300,000
Net Increase (Decrease)			(300,000)

Summary of Legislation: This bill allows school corporations to establish Student Exploratory Teaching programs to encourage high school students to pursue a career in the field of education. It sets forth requirements for the programs. The bill allows the Department of Education to provide grants to the programs. It also provides that a student who: (1) successfully completes a program; (2) receives an initial teaching license; and (3) is employed to teach by an Indiana school corporation; may enter into an agreement with the State Student Assistance Commission to have the Commission assume the repayment of 15% of the student's undergraduate loans for each year the student teaches during the first five years after the student graduates. The bill allows the Department of Education to award not more than 20 \$15,000 grants during the 2002-2003 school year to school corporations for programs.

Effective Date: July 1, 2001; July 1, 2002.

Explanation of State Expenditures: The bill provides for up to 20 grants of \$15,000 for schools that have established a Student Exploratory Teaching Program. The grants are available for the 2002-2003 school year. The bill appropriates \$300,000 from the General Fund for the grants.

The bill also creates a loan forgiveness program for a student that participates in the Student Exploratory Teaching Program and teaches in Indiana. The average loan according to USA Group for an undergraduate

after four years is currently \$10,173. A student who participates in the program probably would not have to make a loan payment until FY 2006. Assuming an inflation rate of 5%, the average loan would be about \$13,000 in FY 2006. The amount of the loan repayment in the first year would be about \$1,950, assuming the state paid 15% of the initial balance of the loan. If 1,000 teachers took advantage of the program, the first year cost would be about \$1,950,000 for FY 2006. The state would assume the repayment of the loans for 5 years. After 5 years, assuming 1,000 new participates per year, the annual cost would be \$9.75 M in current dollars.

Explanation of State Revenues: See Explanation of State Expenditures.

Explanation of Local Expenditures: Local schools would experience an increase in administrative costs if they chose to establish the program. The operating costs could be reduced by the \$15,000 grants provided by the state for up to 20 schools.

Explanation of Local Revenues:

State Agencies Affected: Department of Education, Student Assistance Commission.

Local Agencies Affected: Local School Corporations.

Information Sources: USA Group.